

Laws, Regulations & Annotations

PTLG Table of Contents ([../property-taxes-law-guide.html](#)) > Revenue and Taxation Code ([revenue-and-taxation-code.html](#)) > Division 1. Property Taxation ([revenue-and-taxation-code-property-taxation.html](#)) > Part 2. Assessment ([part2.html](#)) > Chapter 1 ([part2-ch1.html](#)) > Section 256

PROPERTY TAXES LAW GUIDE –
REVISION 2017

REVENUE AND TAXATION CODE

Property Taxation

PART 2. ASSESSMENT

CHAPTER 1. TAXATION BASE

ARTICLE 2. PROCEDURE TO CLAIM EXEMPTIONS

SECTION 256

256. Church exemption affidavit. (a) The affidavit for church exemption shall show that:

- (1) The building and equipment are used solely for religious worship.
- (2) The land claimed as exempt is required for the convenient use of the building.

(b) Each year before the lien date, county assessors shall mail a claim form for the church exemption to all recipients of such exemption in the prior year, except where the prior recipient has transferred title to the property since the prior lien date.

History.—Stats. 1975, Ch. 224, p. 603, in effect January 1, 1976, substituted "and equipment are" for "is" in subsection (a), substituted "land" for "described portion of the real property" in subsection (b), and deleted the former subsection (c) pertaining to rented property. Stats. 1976, Ch. 681, p. 1679, in effect January 1, 1977, added the subdivision letters; relettered the former subsections (a) and (b) as subsections (1) and (2), respectively; and added subdivision (b).

CHURCH EXEMPTION

Property Eligible for the Church Exemption

In general

The Church Exemption is available for buildings, the land they sit on, and personal property used exclusively for religious worship as of 12:01 a.m. on the January 1 property tax lien date. It is also available for property the church uses for parking.

Typical church activities that qualify property for the Church Exemption include the following:

- Regularly scheduled worship services with attendance and participation of the complete congregation.
- Sacramental activities such as baptisms, confirmations, Bar and Bat Mitzvahs, weddings, and funerals.
- Incidental and necessary uses of the property that support the primary religious worship use, such as administration, business meetings of the church governing body, religious instructional sessions, choir practice, and most activities of auxiliary organizations that answer to the local church authority.
- Sales of religious material to people attending worship services or from a church-operated reading room located on the same property as the church.
- Property owned by the church and needed to park the vehicles of those who attend or participate in religious worship provided that fees charged for parking do not exceed costs of operation and maintenance.
- Property leased to the church and needed to park the vehicles of those who attend or participate in religious worship when all of the following conditions are met:
 - ◆ The congregation has no more than 500 members.
 - ◆ The land and improvements are used only for qualified parking.
 - ◆ The lease requires the church to pay property taxes.
 - ◆ The county and the lessor (property owner) agree that the owner will pay real property taxes during a specified period if the leased property is used for a purpose other than qualifying parking.

Exception: The exemption may apply when other organizations use the church's property. Examples of uses that do not disqualify the property for the exemption include:

- Incidental use by nonprofit, charitable groups such as Boy or Girl Scouts, 4-H, or civic improvement groups. The incidental use may not interfere with the use of the property for religious worship. In addition, the church may not charge the organizations for the incidental use, except to recover the church's ordinary and necessary expenses for making the facility available for that use, such as janitorial and utility costs.
- Religious worship conducted by another church.

Caution: Before allowing another organization to use your church property, you should first determine whether the proposed use will disqualify the property from the Church Exemption. You may want to contact your assessor or the BOE to determine whether the proposed use meets the requirements of the exemption.

Property under construction or demolition

Buildings under construction or in the course of construction, land required for their convenient use, and equipment in them may be eligible for the exemption if the intended use would qualify the property for the Church Exemption. "Course of construction" includes the demolition of a building with the intent to replace it with facilities that will be used only for an eligible activity.

Property acquired after the January 1 lien date

Property acquired by an existing or newly formed organization on or after the January 1 lien date may be eligible for a full or partial exemption (see *Note*, below). Both of the following conditions must be met:

- A qualifying use or preparation for a qualifying use (construction, painting, remodeling, and similar activities) must start immediately after the acquisition.
- The building must be completed and used in a way that qualifies it for the exemption without unnecessary delay.

Note: Newly acquired or constructed property is subject to two property tax assessments: a regular ("roll") assessment and a "supplemental" assessment. The exemption rules are different for each assessment. Your county assessor can explain them to you.

Property leased to church

Whether owned by the church or leased to it, property is eligible for the Church Exemption as long as it is used only for religious worship or for parking by people attending a church activity (see previous page). Leased property will qualify for the exemption only if the church leases it by the January 1 lien date.

The law provides that the reduction in property taxes on leased property granted the Church Exemption must benefit the church. If the lease or rental agreement does not state that the rent has already been reduced to reflect the property tax exemption, the church must receive a future rent reduction in proportion to the tax reduction that results from the exemption. Or if the church has already paid rent on months covered by the exemption, the landlord must make a proportional, prorated refund.

WELFARE EXEMPTION (RELIGIOUS ASPECT)

Property Eligible for the Welfare Exemption

The Welfare Exemption is available for property owned by a religious organization that uses the property exclusively for religious purposes, including worship and school activities. While this publication discusses only how the Welfare Exemption relates to property owned by religious organizations, the exemption is also available for property owned by other organizations and used exclusively for charitable, scientific, or hospital purposes.

Eligible property uses

Certain uses of property by a church or religious organization do not qualify for the Church or Religious Exemption. However, they may qualify for the Welfare Exemption. Eligible uses include, but are not limited to:

- Administrative offices for two or more churches (such as diocese or district headquarters).
- Social halls, community centers, and youth centers.
- The primary residence of clergy (for example, pastor, minister, rabbi, imam, or priest) when the use of the property is incidental to and reasonably necessary to accomplish the nonprofit religious organization's exempt purpose.
- Retreats, monasteries, convents, housing for missionaries on furloughs, and housing for certain other employees and volunteers.
- Reading rooms not located on the church premises.
- Novitiates and seminaries. Please note: Some seminaries should file for the College Exemption instead—contact your county assessor for information.
- Housing for aged people or people with disabilities, orphanages, rescue missions, halfway houses for ex-addicts or parolees, and lower-income housing.
- Camps and conference grounds.
- Hospitals.
- Social welfare and relief for the needy (actual aid—money, meals, etc.).
- Emergency or temporary shelters and related facilities for homeless individuals and families.
- Regularly operated thrift stores only when they are part of a planned rehabilitation program for people with mental disabilities, physical disabilities, or both.
- Bingo, when allowed by local ordinances, provided the property is primarily used for exempt activities and the bingo proceeds are used for the organization's religious purposes. A property used primarily or solely for playing bingo, such as a bingo parlor, does not qualify.
- Property needed for parking the vehicles of people participating in a religious activity.

Property under construction or demolition

Buildings under construction or in the course of construction, land required for their convenient use, and equipment in them may be eligible for the exemption if their intended use would qualify the property for the Welfare Exemption. "Course of construction" includes the demolition of a building with the intent to replace it with facilities that will be exclusively used for an eligible activity.

Property acquired after the January 1 lien date

Property acquired after the January 1 lien date may be eligible for the exemption provided both of the following conditions are met:

- A qualifying use or preparation for a qualifying use (construction, painting, remodeling, and so forth) starts immediately after the acquisition.
- The building is completed and used in a way that qualifies for the exemption without unnecessary delay.

Real and personal property leased to a claimant

Leased property is not eligible for the Welfare Exemption unless both the owner and operator are eligible organizations.

Property owned by a claimant and used by others

Property, or portions of the property, owned by a claimant and used by another organization is not eligible for the Welfare Exemption unless certain specific requirements are met. Some of these requirements are complex, especially for the first-time filer. Before allowing another organization to use the property you own, you should first determine whether the proposed use will disqualify the property from the Welfare Exemption. You may want to contact your assessor or the BOE to determine whether the proposed use meets the requirements of the exemption.

Property owned by one organization and eligible for the Welfare Exemption may still qualify for the exemption when used by another organization ("user organization") provided one of the following applies:

1. The user organization must qualify as a tax-exempt organization under Internal Revenue Code section 501(c)(3) or 501(c)(4) or California Revenue and Taxation Code sections 23701d, 23701f, or 23701w. The property owner must provide the assessor with a copy of the user organization's current valid letter(s) or ruling(s) from the Internal Revenue Service or Franchise Tax Board when filing a claim.
 - a. If the user organization uses the property regularly (operator), use of the property is for a welfare-exempt purpose (charitable, religious, hospital, or scientific).
 - b. If the user organization uses the property once a week or less (for example, meetings), use of the property is incidental to the organization's primary activities and are not for fundraising meetings or activities (the direct solicitation of money, property, or goods).

Requirement number 1b above is the most complex. In general, the requirement permits some uses of the property by charitable and nonprofit fraternal and trade organizations. However, a group may not use the property for fraternal, lodge, or social club purposes or for fundraising since those purposes are not religious, hospital, scientific, or charitable.

2. The user organization is a public school or an exempt government entity that uses the property for an activity that would qualify for the exemption if carried out by the property owner. The property owner must file a copy of the lease agreement with the exemption claim form.